

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chairman*

JOSEPH E. CONNARTON, *Executive Director*

Auditor SUZANNE M. BUMP | KATHLEEN M. FALLON | KATE FITZPATRICK | JAMES M. MACHADO | ROBERT B. MCCARTHY | JENNIFER F. SULLIVAN

## MEMORANDUM

TO: Watertown Retirement Board  
FROM: Joseph E. Connarton, Executive Director  
RE: Appropriation for Fiscal Year 2018  
DATE: November 28, 2016

Required Fiscal Year 2018 Appropriation: **\$16,923,496**

This Commission is hereby furnishing you with the amount to be appropriated for your retirement system for Fiscal Year 2018 which commences July 1, 2017.

Attached please find summary information based on the present funding schedule for your system and the portion of the Fiscal Year 2018 appropriation to be paid by each of the governmental units within your system. The allocation by governmental unit was developed by Sherman Actuarial Services as part of their January 1, 2015 actuarial valuation.

If your System has a valuation currently in progress, you may submit a revised funding schedule to PERAC upon its completion. The current schedule is/was due to be updated by Fiscal Year 2018.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446 Extension 921.

JEC/jrl  
Attachments

cc: Town Council  
c/o Town Clerk  
Town Manager

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## Watertown Retirement Board

### Projected Appropriations

Fiscal Year 2018 - July 1, 2017 to June 30, 2018

Aggregate amount of appropriation: **\$16,923,496**

Fiscal Year	Estimated Cost of Benefits	Funding Schedule (Excluding ERI)	ERI	Total Appropriation	Pension Fund Allocation	Pension Reserve Fund Allocation	Transfer From PRF to PF
FY 2018	\$10,976,891	\$16,923,496	\$0	\$16,923,496	\$10,976,891	5,946,605	\$0
FY 2019	\$11,350,814	\$14,523,233	\$0	\$14,523,233	\$11,350,814	\$3,172,419	\$0
FY 2020	\$11,737,235	\$1,974,357	\$0	\$1,974,357	\$1,974,357	\$0	\$9,762,878
FY 2021	\$12,136,571	\$2,021,778	\$0	\$2,021,778	\$2,021,778	\$0	\$10,114,793
FY 2022	\$12,549,255	\$2,069,840	\$0	\$2,069,840	\$2,069,840	\$0	\$10,479,415

The Total Appropriation column shown above is in accordance with your current funding schedule and the scheduled payment date(s) in that schedule. Whenever payments are made after the scheduled date(s), the total appropriation should be revised to reflect interest at the rate assumed in the most recent actuarial valuation. Payments should be made before the end of the fiscal year.

For illustration, we have shown the amount to be transferred from the Pension Reserve Fund to the Pension Fund to meet the estimated Cost of Benefits for each year. If there are sufficient assets in the Pension Fund to meet the Cost of Benefits, this transfer is optional.

## Breakouts

	<u>Total</u>	<u>All Others</u>	<u>Housing</u>
(1) Participants			
(a) Actives	533	520	13
(b) Retirees	353	344	9
(c) Inactives	121	121	0
(d) Disabled Retirees	<u>60</u>	<u>59</u>	<u>1</u>
(e) Total	1067	1044	23
(2) Payroll of Active Participants	\$30,326,548	\$29,515,548	\$811,000
(3) Normal Cost			
(a) Total Normal Cost	4,175,598	4,096,572	79,026
(b) Expected Employee Contributions	1,555,670	1,495,847	59,823
(c) Administrative Expenses	<u>280,000</u>	<u>274,701</u>	<u>5,299</u>
(d) Net Employer Normal Cost (a) - (b)	2,619,928	2,600,725	19,203
(4) Actuarial Accrued Liability	178,804,367	172,842,190	5,962,177
(5) Assets*	<u>131,853,857</u>	<u>127,457,230</u>	<u>4,396,627</u>
(6) Unfunded Actuarial Accrued Liability (4) - (5)	46,950,510	45,384,960	1,565,550
(7) Amortizations*	12,181,829	11,969,234	212,596
(8) Total Required Employer Contributions (3d) + (7)	14,801,757	14,569,958	231,799
(9) Fiscal 2016 Cost	\$13,773,496	\$13,515,821	\$257,675
(10) Fiscal 2017 Cost	\$15,348,496	\$15,061,356	\$287,140
(11) Fiscal 2018 Cost	\$16,923,496	\$16,603,521	\$319,975
Percentage of Total Cost	100.0%	98.1%	1.9%

\* Allocation is based on the ratio of the Unfunded Actuarial Accrued Liability  
The Housing Authority's Unfunded Liability is amortized to 2022